

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



CREDIT CHINA HOLDINGS LIMITED
中國信貸控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8207)

DISCLOSEABLE TRANSACTION
ACQUISITION OF 51% EQUITY INTEREST IN THE TARGET
INVOLVING ISSUE OF CONSIDERATION SHARES UNDER
GENERAL MANDATE

The Board is pleased to announce that on 29 January 2016 (after trading hours), the Investor, which is an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Seller and the Target, pursuant to which the Investor conditionally agreed: (i) to acquire from the Seller the Sale Shares at the Purchase Consideration, and (ii) to subscribe for the Subscription Shares at a cash subscription price of RMB30,000,000 (approximately HK\$35,550,000).

The Purchase Consideration amounts to RMB174,000,000 (approximately HK\$206,190,000), which shall be settled by the payment of RMB55,000,000 (approximately HK\$65,175,000) in cash and by the issue of the Consideration Shares.

The Consideration Shares, when issued, would represent approximately 1.32% of the existing issued share capital of the Company as at the date of this announcement and approximately 1.30% of the issued share capital of the Company as enlarged by issue of the Consideration Shares. The Consideration Shares will be issued under the General Mandate and will rank pari passu in all respects with each other and with the other Shares then in issue.

As the highest of the applicable percentage ratios (as defined in Rule 19.07 of the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the Listing Rules and is subject to the notification and publication requirements of Chapter 19.

THE AGREEMENT

The Board is pleased to announce that on 29 January 2016 (after trading hours), the Investor, which is an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Seller and the Target, pursuant to which the Investor conditionally agreed: (i) to acquire from the Seller the Sale Shares at the Purchase Consideration, and (ii) to subscribe for the Subscription Shares at a cash subscription price of RMB30,000,000 (approximately HK\$35,550,000).

THE PRINCIPAL TERMS OF THE AGREEMENT

- Date: 29 January 2016
- Parties: (i) the Seller;
- (ii) the Target;
- (iii) the Investor; and
- (iv) the Company.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Seller and Target are third party independent of the Company, the Investor and their respective connected persons.

Assets to be acquired

The Sale Shares and the Subscription Shares, representing 43.5% and 7.5% of the enlarged issued share capital of the Target respectively at Completion. The Sale Shares and the Subscription Shares collectively represents 51% of the issued share capital of the Target at Completion.

Conditions precedent

Completion shall be conditional upon each of the following conditions having been satisfied (or waived by the Investor) by 5:00 p.m. on or before 31 May 2016:

- (a) the Target Group Reorganisation shall have been completed to the satisfaction of the Investor in the absolute discretion of the Investor;

- (b) the Investor shall have completed its financial, legal and business due diligence investigation on the Target Group to its satisfaction in the absolute discretion of the Investor;
- (c) the business scope on the business licence of Qiyuan shall have contained all the businesses Qiyuan is actually engaged in, including but not limited to those related to “operation of games” and “operation of game products through information network (including issue of virtual currency in online games)”;
- (d) Qiyuan shall have obtained ICP licence (增值電信業務經營許可證) and the business scope on which covers mobile internet information services and those related to the operation of mobile games by Qiyuan;
- (e) Qiyuan shall have obtained the online cultural business licence (網路文化經營許可證) which shall be in accordance with its business activities, including but not limited to the inclusion of “www.7yworld.com” into the domain name list contained in the online cultural business licence;
- (f) the Investor shall have obtained the opinion of its PRC legal advisor to its satisfaction and in compliance with the Listing Rules, in relation to, among other things, the legality, validity and enforceability of the Structured Contracts under the laws of the PRC;
- (g) Qiyuan shall have registered all domain names as stipulated under the Agreement;
- (h) Qiyuan shall have obtained the Computer Software Copyright Registration Certificate by the National Copyright Administration of the PRC (國家版權局) for the games stipulated under this Agreement the development of which has been completed prior to the Completion Date;
- (i) Qiyuan shall have obtained the recordation by the Ministry of Culture of the PRC (中華人民共和國文化部) for the games stipulated under this Agreement that has been put into operation online prior to the Completion Date;
- (j) all the business contracts signed by Qiyuan shall be redrafted or supplemented with a supplementary agreement in the forms and content to the satisfaction by the Investor;
- (k) Qiyuan shall have obtained full licensing of all the intellectual property of the games operated by it;
- (l) the Group Companies shall have executed with the core management of Qiyuan the employment contracts, non-disclosure agreements and non-competition agreements in the forms and content as satisfied by the Investor;

- (m) except as disclosed by the Target in writing prior to the execution of the Agreement, the Warranties shall be and remain true, correct and complete in all respects when made, and shall be true, correct and complete in all respects on and as of the date of the Completion with the same effect as though such Warranties had been made on and as of the date of the Completion;
- (n) the Company shall have obtained all necessary approvals from the Stock Exchange in respect of all the Structured Contracts (which shall be in the forms and content as satisfied by the Investor) and all the Structured Contracts shall have been duly executed and delivered and all necessary corporate authorization, third party consent or waiver, governmental approval for execution, delivery and performance of such Structured Contracts by the Seller, Qiyuan, the Investor and the Target, as applicable, have been duly obtained;
- (o) the Target Group Companies shall have obtained all authorizations, approvals, registrations, filings, waivers or permits of any competent governmental authority or regulatory body that are required for the consummation of all of the transactions contemplated by the Structured Contracts and the Target Group Reorganisation, and all such authorizations, approvals, waivers and permits shall be effective as of the Completion;
- (p) there shall not have occurred prior to the Completion any event or transaction reasonably likely to have an adverse effect on the Target Group; and
- (q) the Company shall have complied with the relevant requirements in the Listing Rules in relation to the purchase of the Sale Shares and the subscription of the Subscribed Shares and obtained all necessary approval of its shareholders and the Stock Exchange for the issue of the Consideration Shares pursuant to this Agreement.

The Investor may, to such extent as it thinks fit and is legally entitled to do so, at any time waive in writing any of the conditions set out above on such terms as it may decide, provided that the conditions set out in (n), (o) and (q) cannot be waived.

If any of the above conditions have not been satisfied or waived on or before 31 May 2016, then the Agreement will immediately terminate.

Consideration and payment terms

The aggregate consideration for the Acquisition amounts to RMB204,000,000 (approximately HK\$241,740,000).

The Purchase Consideration amounts to RMB174,000,000 (approximately HK\$206,190,000) shall be satisfied in the following manner:

- (a) The consideration of RMB55,000,000 (approximately HK\$65,175,000) shall be paid by the Investor in cash to the Seller at Completion; and
- (b) The remaining consideration amounted to RMB119,000,000 shall be settled by the issue to the Seller of the Consideration Shares within 10 Business Days after the issue of the Target's audited Accounts for the year ending 31 December 2016, subject to adjustments set out in the paragraph headed "Profit guarantee" below.

The Subscription Price of RMB30,000,000 (approximately HK\$35,550,000) shall be paid by the Investor in cash to the Target at Completion.

The Purchase Consideration and the Subscription Price were determined after arm's length negotiations between the Investor, the Target and the Seller taking into account financial position and future business prospect of the Target Group. The Directors consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Consideration Shares

The Consideration Shares comprise a total of 51,150,640 Shares (subject to adjustment as mentioned in the paragraph headed "Profit guarantee" in this announcement), which will be issued pursuant to the General Mandate. The Consideration Shares, when issued, would represent approximately 1.32% of the existing issued share capital of the Company as at the date of this announcement and approximately 1.30% of the issued share capital of the Company as enlarged by issue of the Consideration Shares. The Seller undertakes that he shall not dispose of any of the Consideration Shares within a period of 6 months, after the issue of the Consideration Shares.

The maximum number of Shares that can be issued under the General Mandate is 775,042,000 Shares. As at the date of this announcement, the General Mandate has not been utilised. Accordingly, the General Mandate is sufficient for the issue of the Consideration Shares and the issue of the Consideration Shares is not subject to the Shareholders' approval.

The issue price of the Consideration Shares amounts to approximately HK\$2.77 per Consideration Share. The issue price represents:

- (i) a discount of approximately 13.4% to the closing price of HK\$3.20 per Share as quoted on the Stock Exchange on the date of the Agreement; and
- (ii) a discount of approximately 13.4% to the average closing price per Share of approximately HK\$3.20 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Agreement.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Consideration Shares. The Consideration Shares shall at all times rank *pari passu* among themselves and with the Shares in issue as at the date of issue of the Consideration Shares.

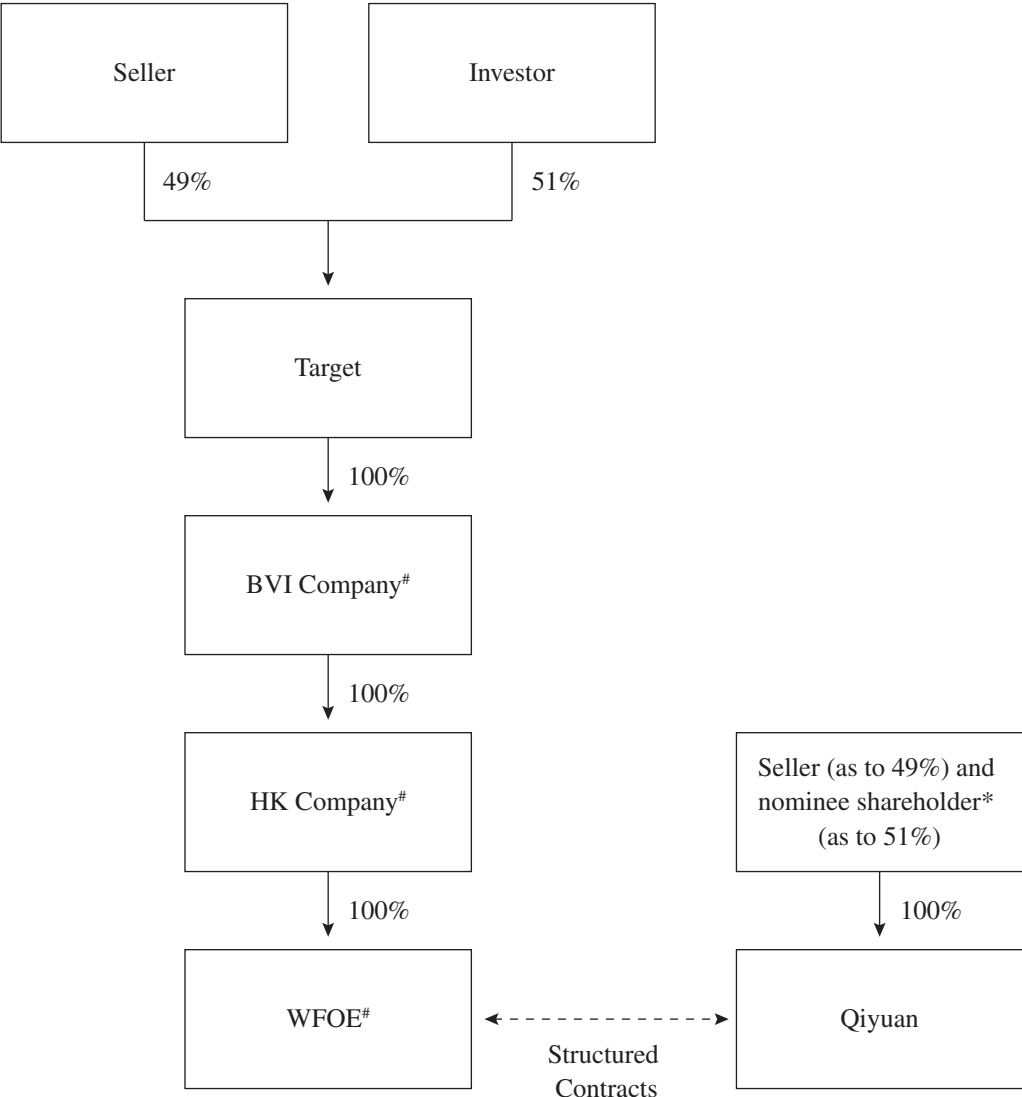
Completion

As at the date of this announcement, both the Target and Qiyuan are wholly owned by the Seller.

Prior to Completion, the Structured Contracts will be executed to enable the financial results, the entire economic benefits and risks of the Qiyuan's business to flow to the Target and for the Target to enjoy control over Qiyuan. The use of Structured Contracts is due to applicable PRC law, which stipulates the business of research and development, operation, and distribution of computer and mobile games and production of media content of Qiyuan would require the internet publication licence (互聯網出版許可證) and online cultural business licence (網路文化經營許可證), which are subject to restrictions on foreign investment. As at the date of this announcement, the form and content of the Structured Contracts have not been finalised. The Company will comply with the applicable PRC laws and regulations together with the requirements under the GEM Listing Rules in relation to such Structured Contracts, including HKEx-GL77-14. The Company will publish an announcement disclosing further details regarding the Structured Contracts upon Completion.

The Investor shall not be obliged to complete the Acquisition and the Subscription unless the Acquisition and the Subscription are completed simultaneously. Upon the fulfilment or waiver by the Company of the conditions precedent of the Agreement, Completion will take place on the Completion Date at 5:00 p.m.

Immediately after the Acquisition, the structure of the Target Group will be as follows:



Remarks:

* *Nominee shareholder is a shareholder which is nominated by the Investor*

The BVI companies, the Hong Kong companies and the WFOE are yet to be established prior to Completion

Profit guarantee

Pursuant to the Agreement, subject to Completion having taken place, the Seller and the Target has unconditionally and irrevocably guaranteed to the Investor that the Net Profit shall not be less than RMB50,000,000 (the “**Guaranteed Profit**”).

If the Net Profit is lower than the Guaranteed Profit, the Seller shall compensate the Investor, within 10 Business Days after the issue of the Target’s audited Accounts for the year ending 31 December 2016 by any of the following as may be elected by the Investor:

- (i) transferring such number of shares in the Target to the Investor at nil consideration (“**Target Shares Compensation**”) in accordance with the following formula:

Number of shares to be transferred = (Guaranteed Profit/Net Profit – 1) x 51% x total number of shares issued by the Target as at the time of electing the Shares Compensation

- (ii) paying a monetary compensation to the Investor (“**Monetary Compensation**”) in accordance with the following formula:

Amount to be paid to the Investor = (Guaranteed Profit – Net Profit) x 8 x 51%

- (iii) adjustment of the number of Consideration Shares to be allotted and issued to the Seller (“**Consideration Shares Adjustment**”):

Adjusted number of Consideration Shares to be issued =

(RMB119,000,000 – Amount of Monetary Compensation)/(90% x 2.585)

INFORMATION ON THE TARGET GROUP

As at the date of this announcement, the Target is wholly owned by the Seller. The Target is an investment holding company incorporated under the laws of the British Virgin Islands on 6 January 2016, which does not have any business operation since incorporation.

As at the date of this announcement, Qiyuan is wholly owned by the Seller. Qiyuan is primarily engaged in the research and development, operation, and distribution of computer and mobile games and production of media content. Qiyuan is a limited liability company established in the PRC on 25 November 2014 with a registered capital of RMB5 million (approximately HK\$5,925,000). According to its unaudited management accounts for the year ended 31 December 2015, Qiyuan recorded profit of approximately RMB12.7 million (approximately HK\$15,049,500) and RMB10.8 million (approximately HK\$12,798,000) before and after taxation for the year ended 31 December 2015 respectively, and has net assets of RMB15.47 million (approximately HK\$18,331,950) as at 31 December 2015.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the Company's announcement dated 17 December 2015, the Company intends through a newly-established fully-owned investment vehicle to identify and make strategic investments in best-of-breed Internet companies that could have synergistic benefit to growing our user base and expanding our products and services in our online third-party payment platform. The Company has identified the Target Group as an appropriate acquisition target to the Group and is of the view that the Target Group's management team possess the requisite industry experience and skills in the mobile gaming industry and represent an attractive partner for the Group to diversify into this sub-sector. We believe that the Target Group's business will help grow our user base by tapping into the large base of mobile gaming users, and expand our product and service offerings, which would in turn lead to increased traffic and transaction volumes on our various internet finance platforms within our ecosystem, and develop payment habit and achieve a larger wallet share among our users.

The Directors are of the view that the terms of the Agreement are on normal commercial terms and such terms are fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the highest of the applicable percentage ratios (as defined in Rule 19.07 of the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Chapter 19 of the Listing Rules and is subject to the notification and publication requirements of Chapter 19.

As the Acquisition are subject to the fulfilment or waiver (where applicable) of the conditions precedent set out in the Agreement and the transactions contemplated thereunder may or may not proceed to completion. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any securities of the Company.

DEFINITIONS

In this announcement, the following terms shall have the meanings set out below unless the context requires otherwise:

“Accounts”	the financial statements of each Target Group Company in the agreed form in each case comprising a profit and loss account for the period of 12 months ended on 31 December 2015 and a statement of financial position as at 31 December 2015 together with a consolidated profit and loss account for the Target Group for the period of 12 months ended on 31 December 2015 and a consolidated statement of financial position for the Target Group as at 31 December 2015
“Acquisition”	The acquisition of the Sale Shares
“Agreement”	the agreement dated 29 January 2016 between the Investor, the Seller, the Target and the Company relating to the Acquisition
“Board”	the board of Directors
“Business Day(s)”	a day other than a Saturday or Sunday, on which banks are open in Hong Kong to the general public for business
“Company”	Credit China Holdings Limited
“Completion”	completion of the Acquisition and the Subscription
“Completion Date”	the fifth Business Day following the fulfilment (or waiver) of conditions precedent in or such other date as the Seller, the Investor and the Target shall agree
“Consideration”	the aggregate of the Purchase Consideration and the Subscription Price
“Consideration Shares”	51,150,640 new ordinary shares in the capital of the Company, to be issued to the Seller as part of the Purchase Consideration (subject to adjustment as mentioned in the paragraph headed “Profit guarantee” in this announcement)

“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate for the Directors to allot and issue authorised by the Shareholders at the extraordinary general meeting of the Company held on 26 January 2016.
“Guaranteed Profit”	A Net Profit of not less than RMB50,000,000
“HK\$”	Hong Kong Dollars
“Investor”	Amazing Express Development Limited (精通發展有限公司), a company incorporated in the British Virgin Islands with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Net Profit”	the audited consolidated net profit of the Target Group for the financial year ending 31 December 2016
“PRC”	People’s Republic of China, for the purpose of this Agreement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchase Consideration”	the consideration to be furnished by the Investor to the Seller for the Sale Shares
“Qiyuan”	深圳起源天下科技有限公司 (Shenzhen Qiyuan Tianxia Technology Company Limited*), a company established under the laws of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	shares in the Target to be sold by the Seller to the Investor under the Agreement, representing 43.5% of the issued share capital of the Target
“Seller”	Mr. Wang Zheng (王政)
“Share(s)”	ordinary shares(s) in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structured Contracts”	collectively, the business cooperation agreement, the equity interests pledge agreement, the exclusive consultancy and services agreement, the exclusive purchase option agreement and the power(s) of attorney to be entered into between WFOE, Qiyuan and/or the Seller or such other agreements or documents as the Investor may request
“Subscription”	subscription of the Subscription Shares by the Investor under the Agreement
“Subscription Price”	the aggregate subscription price of RMB30,000,000 for the subscription of the Subscription Shares
“Subscription Shares”	new shares in the Target to be subscribed by the Investor at Completion, representing 7.5% of the issued shares of the Target immediately after the Completion
“Target”	Spring Reliance Limited (信泉有限公司), a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target, the Target Subsidiaries and Qiyuan
“Target Group Company(ies)”	construed accordingly in reference to Target Group
“Target Group Reorganisation”	means the corporate reorganisation by the Target and the Target Group to achieve a corporate structure set out in the Agreement, which shall involve: (a) the establishment of a Hong Kong company and the WFOE in the PRC; and (b) the entering into of the Structured Contracts between the WFOE, Qiyuan and others
“Target Subsidiaries”	all of the subsidiaries of the Target immediately after the Target Group Reorganisation

“WFOE”

wholly foreign-owned subsidiary to be established in the PRC by the Seller prior to completion (which shall be an indirect wholly-owned subsidiary of the Target) to obtain indirect control and ownership of the business of Qiyuan by way of the Structured Contracts

For the purpose of this announcement, unless otherwise indicated, the conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.185. Such rate is for the purpose of illustration only and does not constitute a representation that any amount in question in RMB or HK\$ has been or could have been or may be converted at such or another rate or at all.

By order of the Board
Credit China Holdings Limited
Phang Yew Kiat
*Vice-Chairman, Executive Director and
Chief Executive Officer*

Hong Kong, 1 February 2016

As at the date of this announcement, the Directors are as follows:

Executive Directors:

Mr. Phang Yew Kiat (*Vice-Chairman and Chief Executive Officer*)

Mr. Chng Swee Ho

Mr. Sheng Jia

Non-executive Directors:

Mr. Li Mingshan (*Chairman*)

Mr. Li Gang

Mr. Wong Sai Hung

Mr. Zhang Zhenxin

Ms. Zhou Youmeng

Independent Non-executive Directors:

Mr. Ge Ming

Dr. Ou Minggang

Mr. Wang Wei

Dr. Yin Zhongli

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading. This announcement will remain on the “Latest Company Announcements” page of the GEM website (www.hkgem.com) for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company (www.creditchina.hk).

* *English translation of the Chinese names included in this announcement is for illustration purpose only, and should not be regarded as the official English translation of such names.*